

Fauquier County Economic Indicators



June 30, 2016
Office of Management and Budget

I. Executive Summary

Fiscal health can be measured by a myriad of factors which provide insight to current and historical economic conditions, future projections, budget preparation, and determining needs or priorities of the community.

The data provided in this document is a means of presenting fiscal health characteristics in terms of current and historical trends. The data provides a quick snapshot of the market today to indicate where the market is moving, and/or utilizes historical trends to display the market trends over multiple fiscal or calendar years. Current trends provide context for the historical trends of the economic environment, its prolonged expansion or contraction of the market, and signs of change.



The information that follows was derived from various sources including federal, state, and local government and the private sector. The information collected is based on 6 key categories for both current and historical trends: businesses, community development fees and permit issuances, employment, residential sales and foreclosures, local revenues, and taxable sales.






Section II of the document provides a table of key observations for both current and historical economic indicators. For current economic indicators, observations are given a rating of positive, neutral, or negative based on their impact to the economic environment. Section III of the document provides overview of the economic indicator categories with various graphs. The section is divided into two sections: current and historical economic indicators.

II. Trends and Analysis

A. Current Economic Indicators

The following table displays key observations in the review of current economic indicators. The trend for each key indicator listed below is rated by one of the following symbols:

-  **Positive trends observed; can be an indicator of market expansion**
- **Neutral trends observed; changes can be an indicator of decline or growth**
-  **Negative trends observed; can be an indicator of market contraction**

Category	Indicator	Trend	Comments
Community Development	Community Development Fees		Community Development fees increased by 45% at the end of the fourth quarter as compared to the same time period last year. Overall fees are experiencing a positive trend with year-over-year increases.
Community Development	Building & New Residential Construction Permits	-	While permitting volume only saw a 5.2% increase at the end of FY 2016, new construction permits saw an increase of 47% compared to last fiscal year, due in large part to the issuance of permits for a multi-dwelling structure. While construction value of permits saw a slight decrease of 2%, the total permitting revenue continues to increase year-over-year.
Employment	Unemployment Rate	-	The current unemployment levels are significantly below the County's ten and five-year averages of 4.2% (2005-2015) and 5.0% (2010-2015). The County's unemployment rate was 3.4% as of June 2016, down slightly from the last fiscal year and ranked 21 st lowest overall. Overall, the County's unemployment levels have stabilized to pre-recession levels.
Employment	Unemployment Insurance Claims		Continued and initial unemployment insurance claims continue to decline, with only seasonal fluctuation.
Local Revenue	County Sales Tax Collections		The County sales tax collections continue to experience year-over-year increases, with a 3.5% increase overall in FY 2016 as compared to FY 2015. The region continues to experience positive growth, while the State has experienced trends slightly less than projected.
Residential Housing Market	Days Houses are on Market		At the end of FY 2016, average days on the market decreased by 27% as compared to the end of FY 2015, and the number of units sold went up by approximately 40%, similar to the rest of the region.
Residential Housing Market	Median Sales Price	-	Median home sales values only decreased by a little over 1% at the end of FY 2016 as compared to the end of FY 2015, continuing to experience normal seasonal fluctuation.
Residential Housing Market	Number of Homes Sold		The number of home sales saw a marked increase at the end of FY 2016 of approximately 40% as compared to the same period in FY 2015, the highest number sold in recent County trends.
Residential Housing Market	Foreclosure Filings	-	Foreclosure filings continue to decline, returning to pre-recession levels.

Fauquier County Economic Indicators

Historic Economic Indicators

The following table displays trends and observations relative to historic economic indicators and how those observations may impact current economic indicators.

Category	Indicator	Trend	Comments
Businesses	Number of New Licenses Issued	↑	The number of new licenses issued for businesses in FY 2016 increased 2.5% from FY 2015, showing a positive trend, following yearly fluctuation in previous years.
Businesses	Number of Start-up Firms	↑	Significant seasonal fluctuation remains, and the estimated number of start-up firms saw a 4% increase overall in CY 2015 as compared to the previous year.
Residential Housing Market	Foreclosures by Loan Type	-	Throughout FY 2016, the number of owner-occupied prime loans in foreclosure and owner-occupied subprime loans in foreclosure continued to decline in the County.
Taxable Sales	Taxable Sales	-	Taxable sales continue to improve year-over-year, with only seasonal fluctuation similar to the entire region.

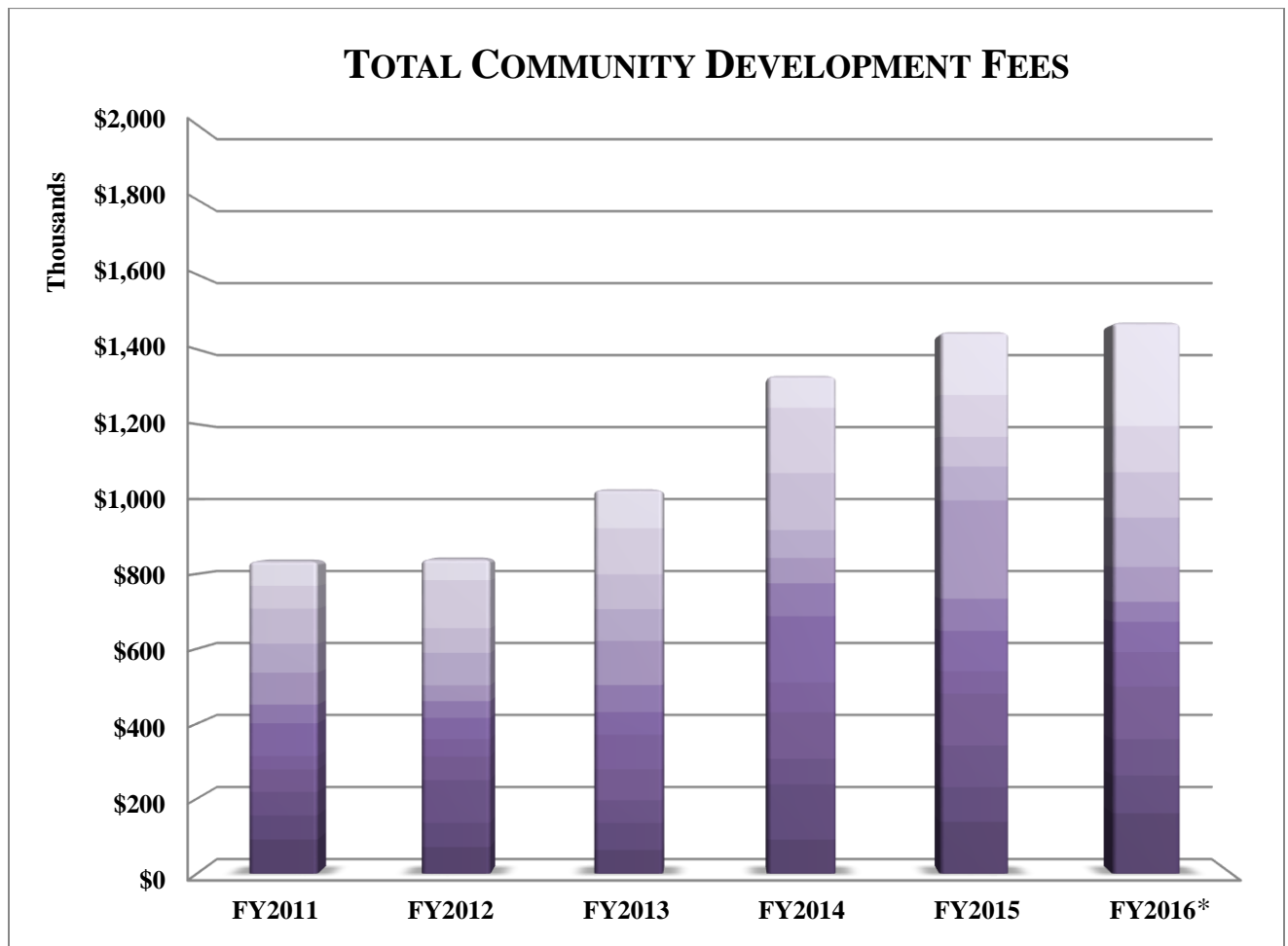
III. Economic Indicators – Data

A. Current Economic Indicators Data

1. Community Development

a) Community Development Fees

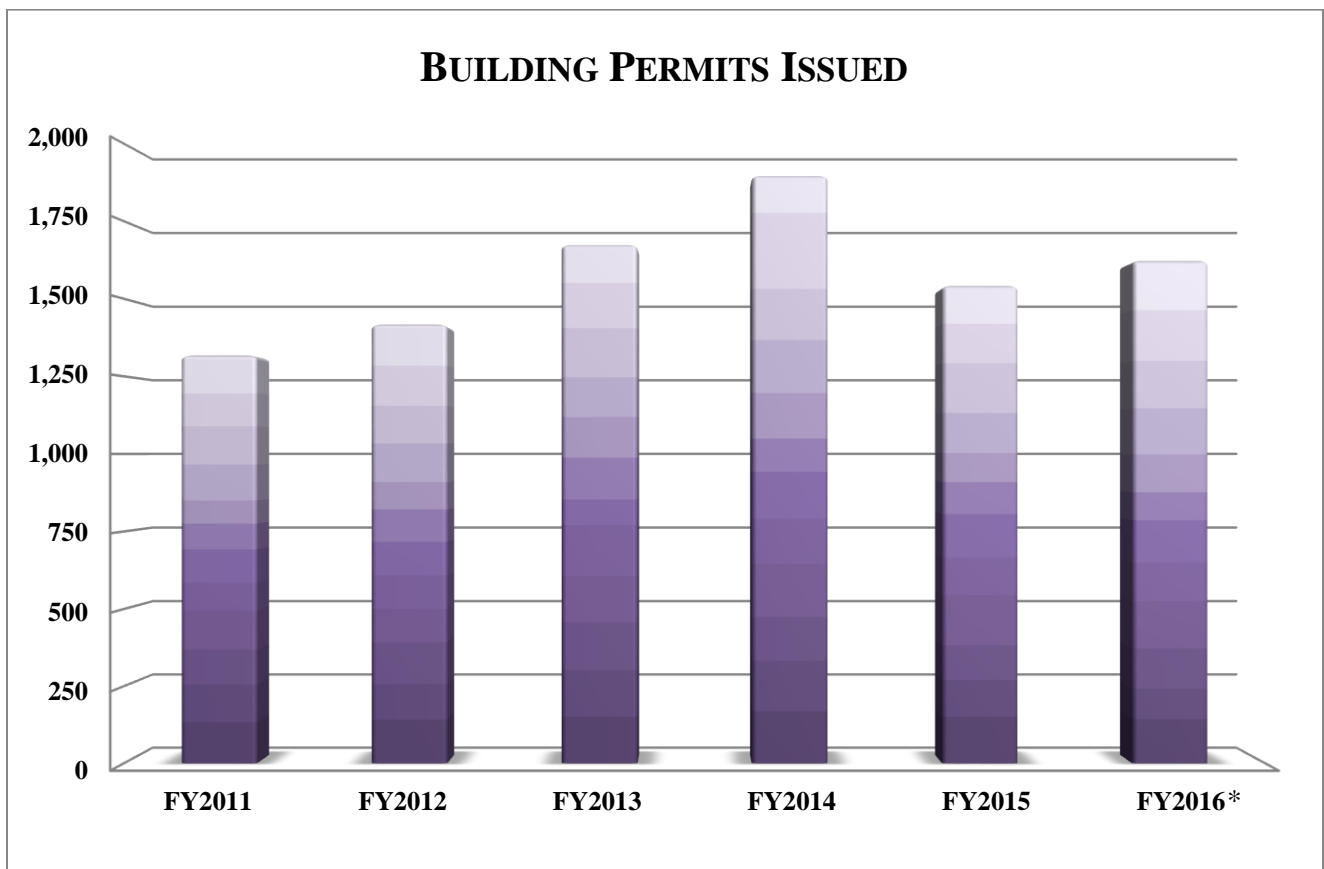
At the end of the fourth quarter of FY 2016, Community Development Fee revenue experienced a 45% increase over the same period in FY 2015, and a 2% increase overall for the fiscal year. While permitting volume saw a 5.2% increase overall in FY 2016 as compared to FY 2015, the level of construction value saw a slight decrease for the first time since FY 2011.



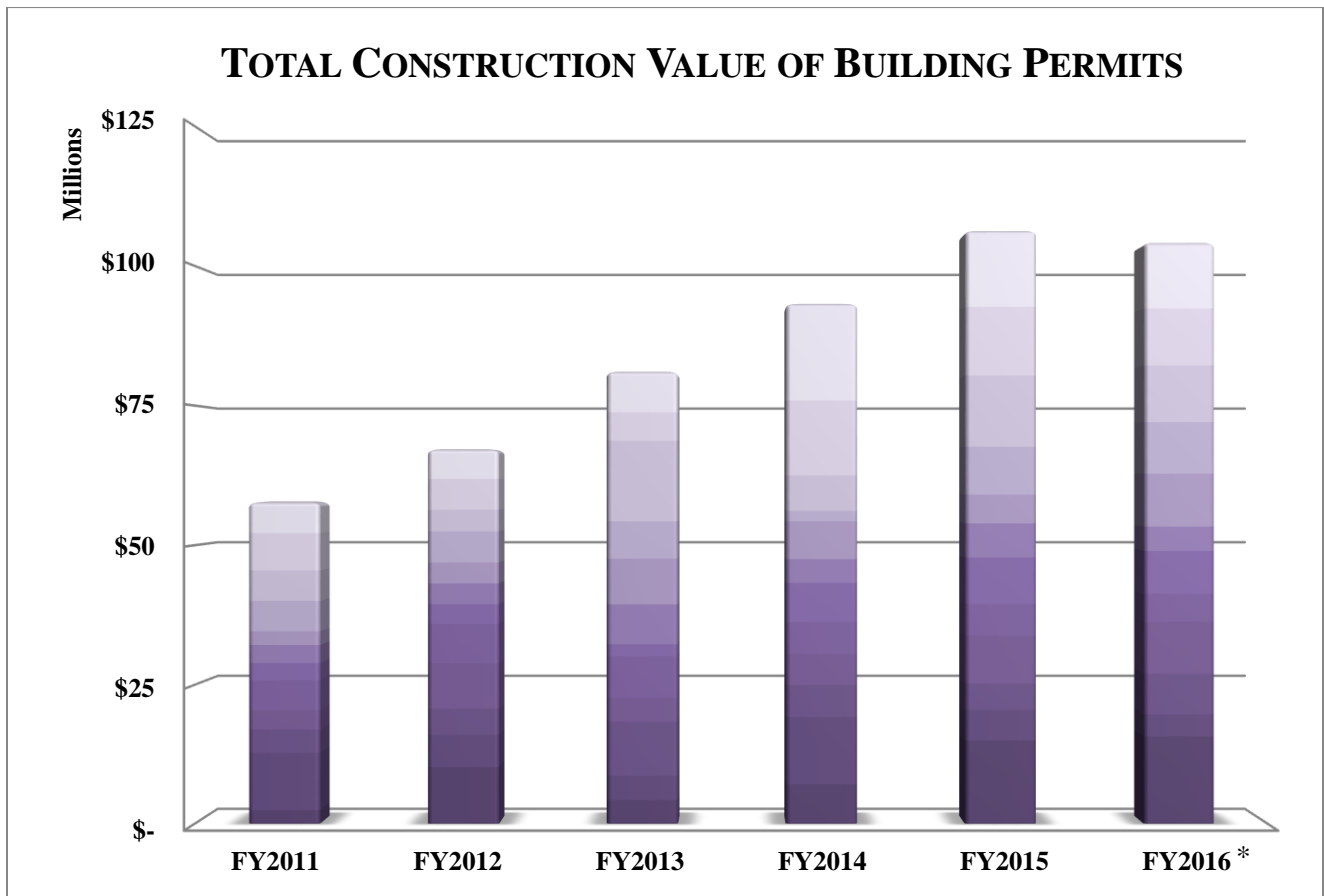
Source: Community Development. *FY 2016 includes data as of June 30, 2016.

b) Building Permits

Building permits issued increased by 5.2% at the end of FY 2016 compared to FY 2015, and new residential construction permits saw an increase of 47%. The increase in construction permits is due in part to the issuance of permits for a multi-dwelling structure in the beginning of the fiscal year. While the value of building permits saw a slight decrease of 2%, overall the number of permits and plan reviews is experiencing an upward trend.

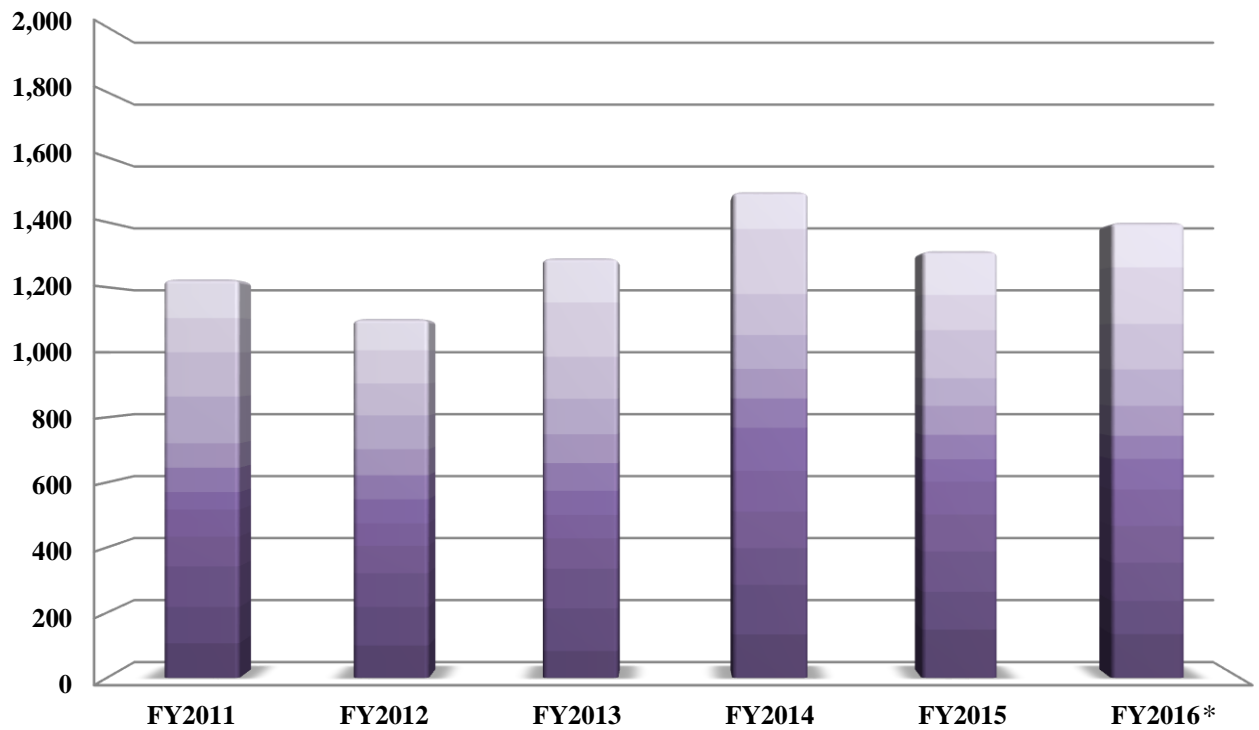


*FY 2016 includes data as of June 30, 2016.



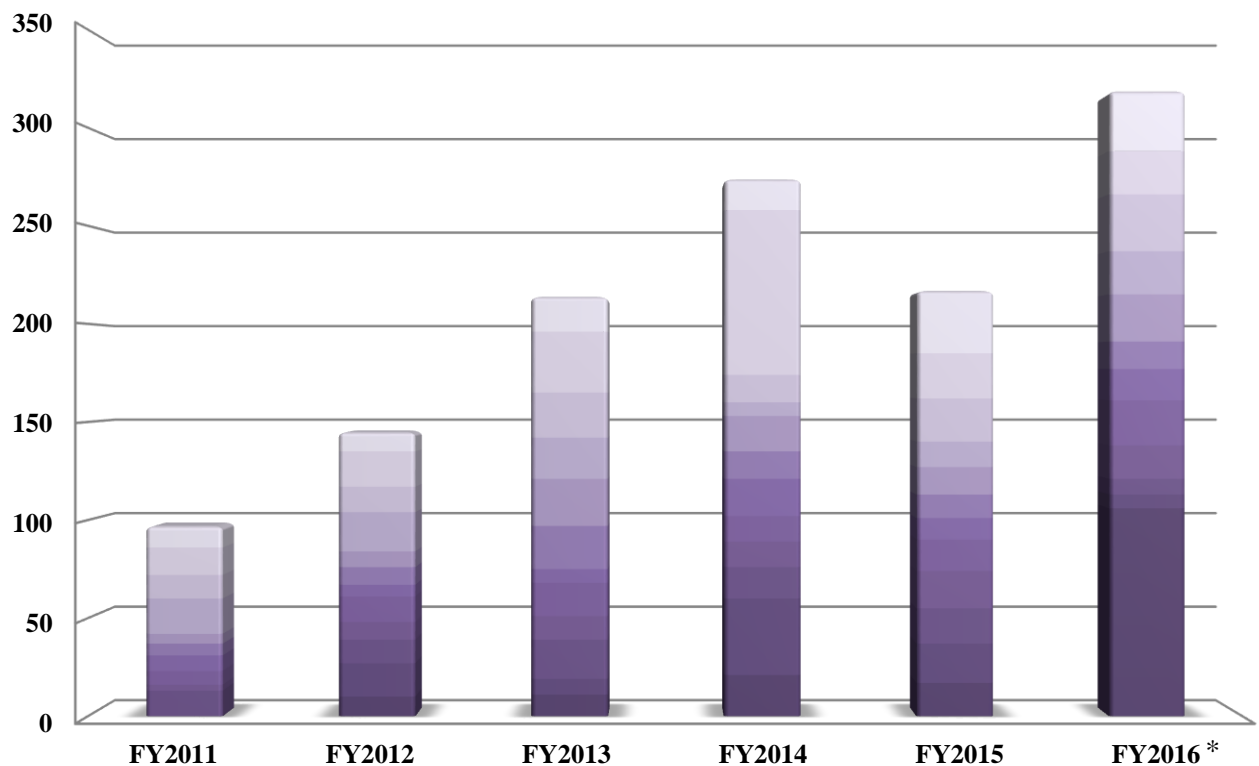
*FY 2016 includes data as of June 30, 2016.

RESIDENTIAL PLAN REVIEWS



*FY 2016 includes data as of June 30, 2016.

NEW HOME CONSTRUCTION PERMITS ISSUED BY YEAR

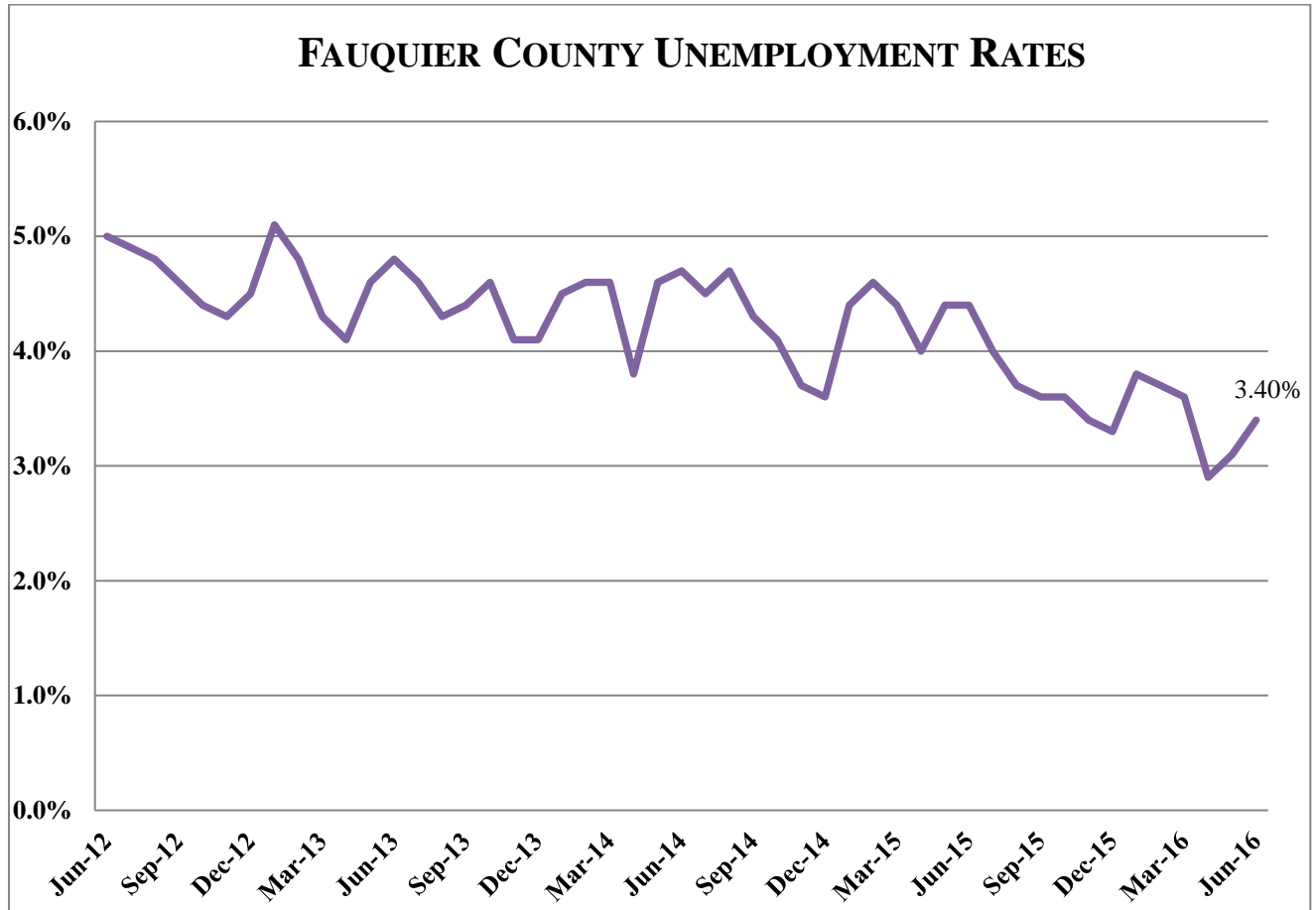


*FY 2016 includes data as of June 30, 2016.

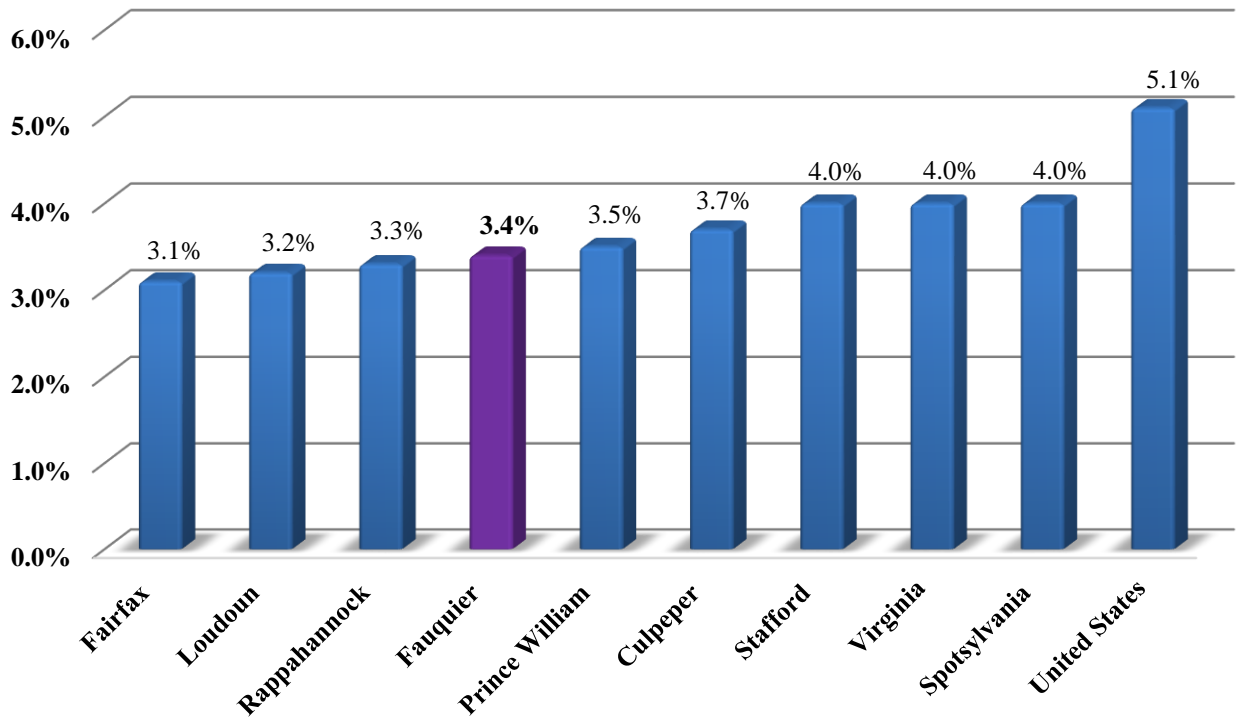
2. Employment

a) Unemployment Rates

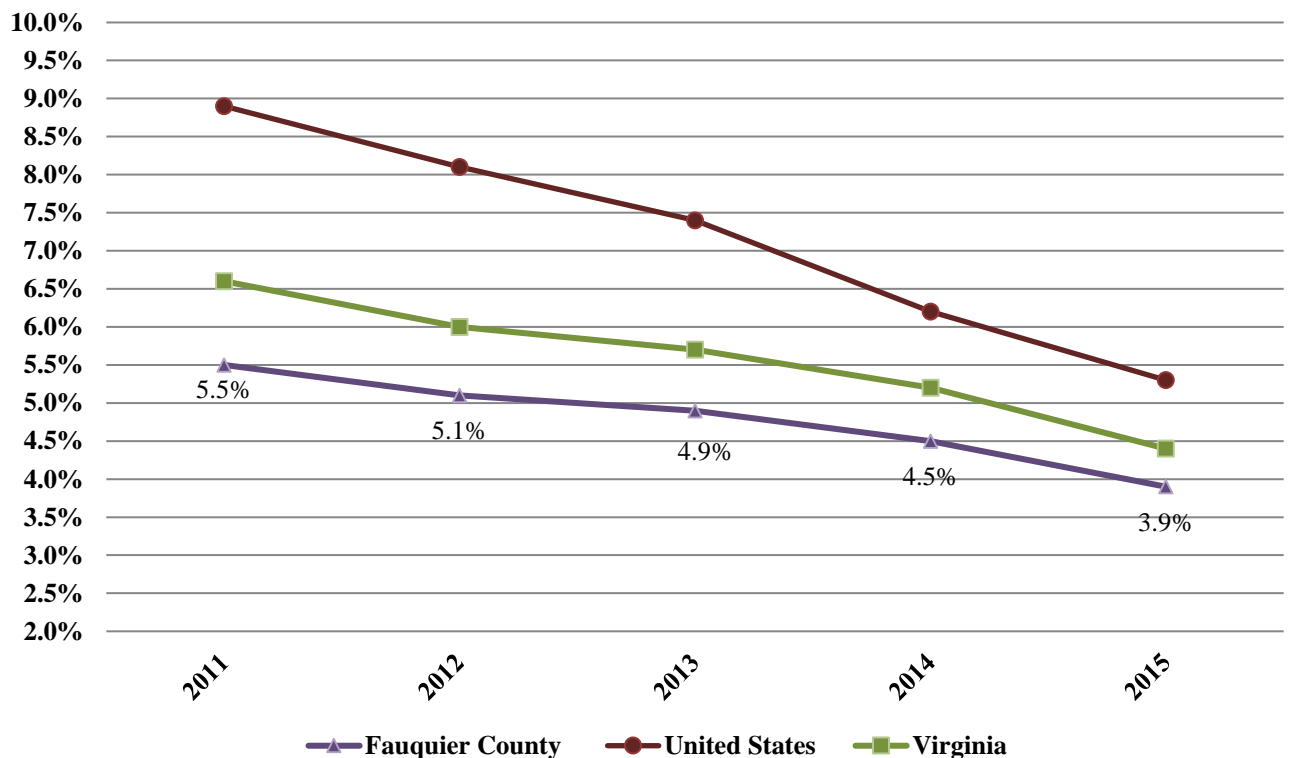
The Fauquier County unemployment rate remains stable, experiencing a steady decline with normal seasonal fluctuation. In comparison to other local jurisdictions, Fauquier County's June 2016 unemployment rate of 3.4% trails Fairfax, Loudoun, and Rappahannock; and leads Prince William, Culpeper, Stafford, and Spotsylvania. Overall for the Commonwealth, Fauquier County ranked 21st behind other localities such as Arlington, Falls Church City, Fairfax City, Alexandria City, Madison, and Manassas City.



June 30, 2016 Unemployment Rates *not seasonally adjusted*



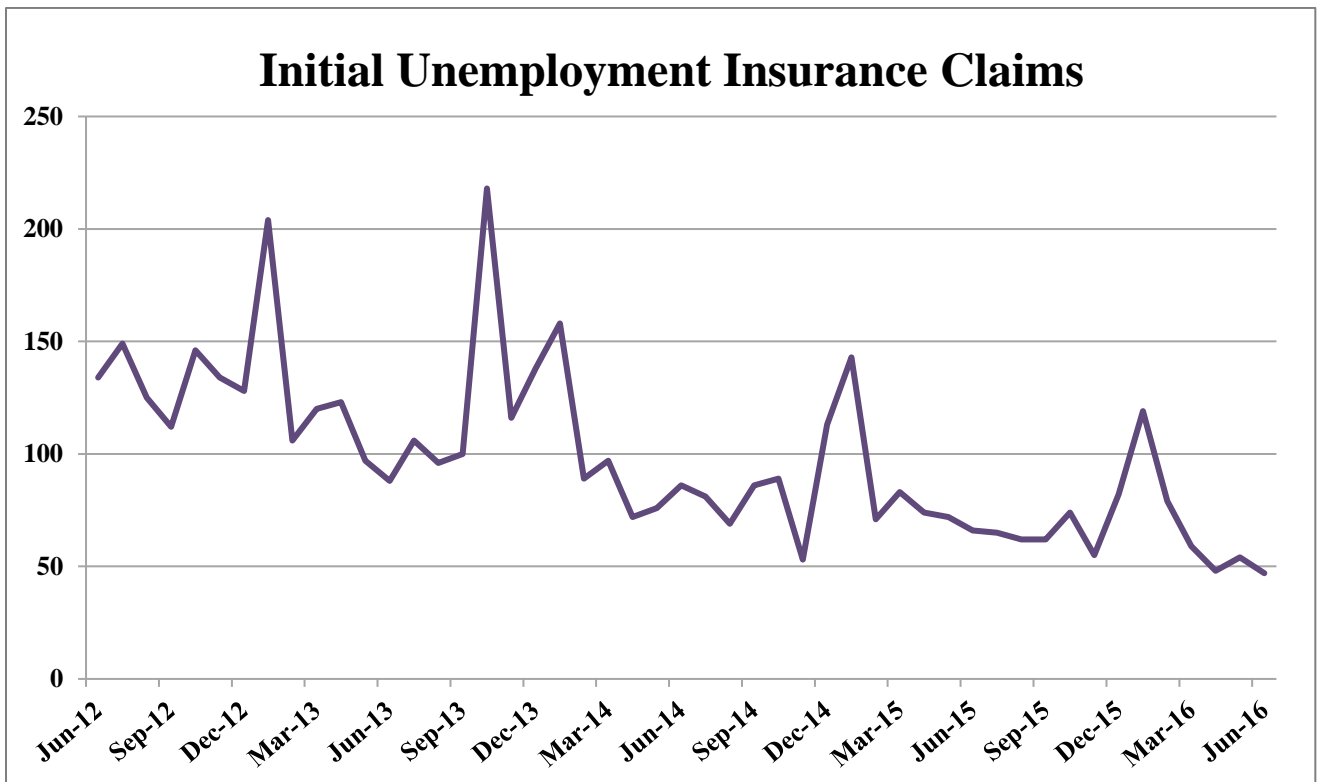
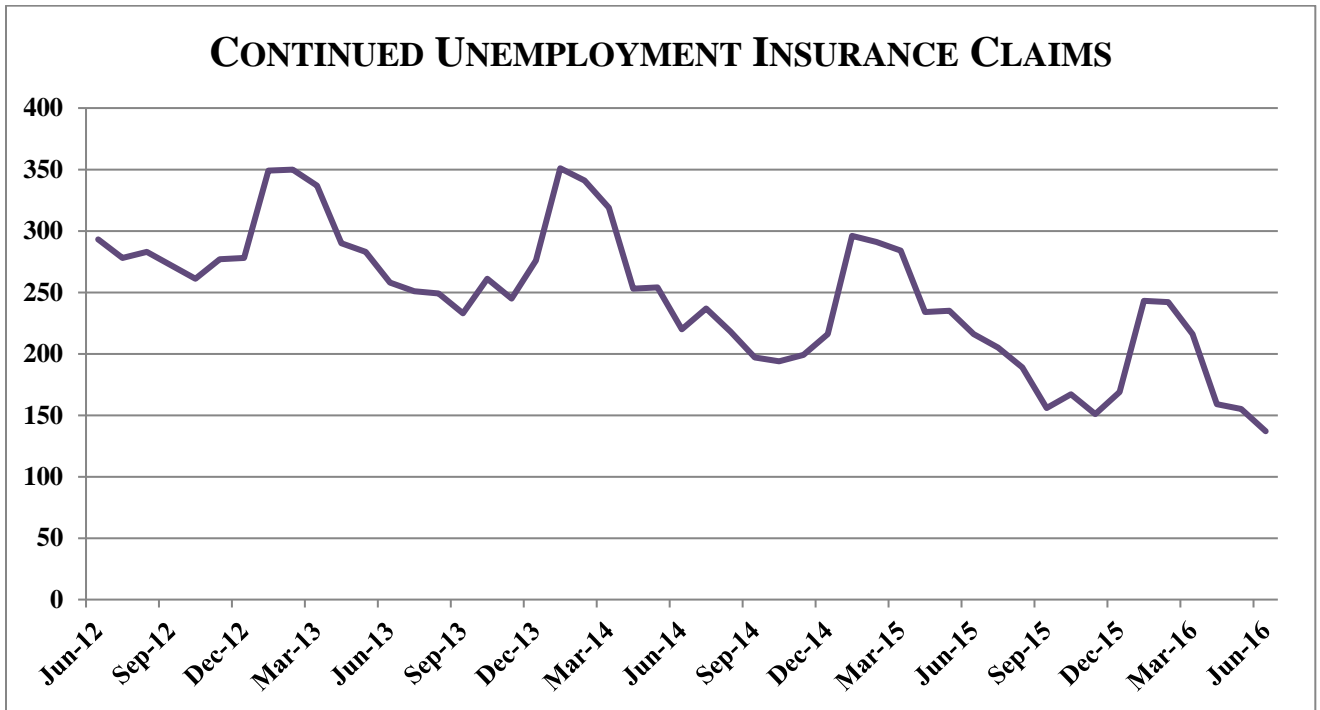
AVERAGE ANNUAL UNEMPLOYMENT RATES *not seasonally adjusted, calendar year basis*



Source: Virginia Employment Commission

b) Unemployment Insurance Claims

Continued unemployment insurance claims and initial unemployment claims continued to decrease in FY 2016, consistent with seasonal fluctuation but at a lower rate of change. Continued unemployment insurance claims decreased over 22% overall in FY 2016 as compared to FY 2015, and initial unemployment claims decreased by approximately 19% during the same time period.



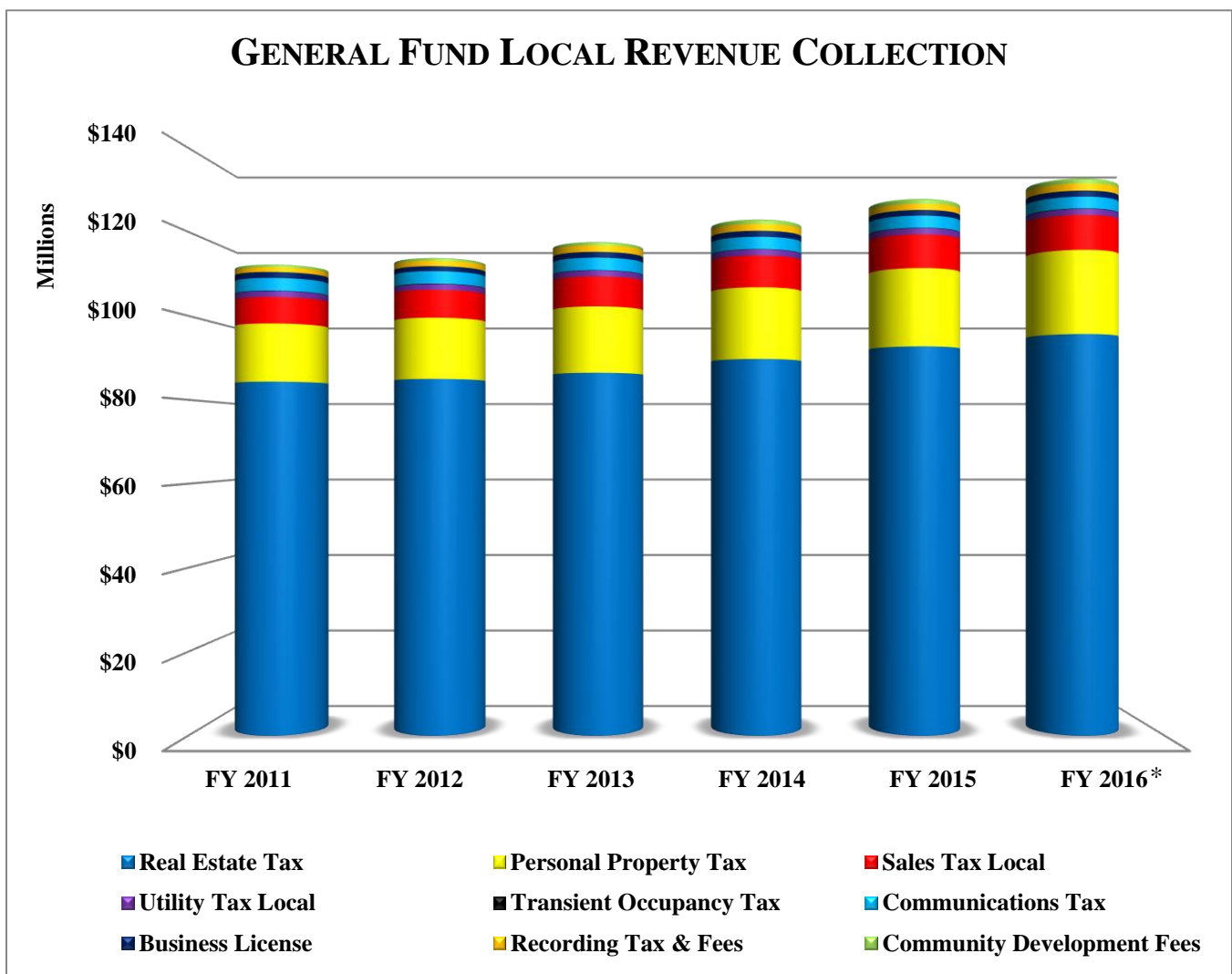
Source: Virginia Employment Commission

3. Local Revenues

The following graphs display key General Fund local revenue sources. Local revenue sources observed are real estate tax, personal property tax, sales taxes, utility tax, recording tax and fees, business and other professional licensing tax and fees, and transient occupancy tax revenue.

a) General Fund Local Revenue Collection

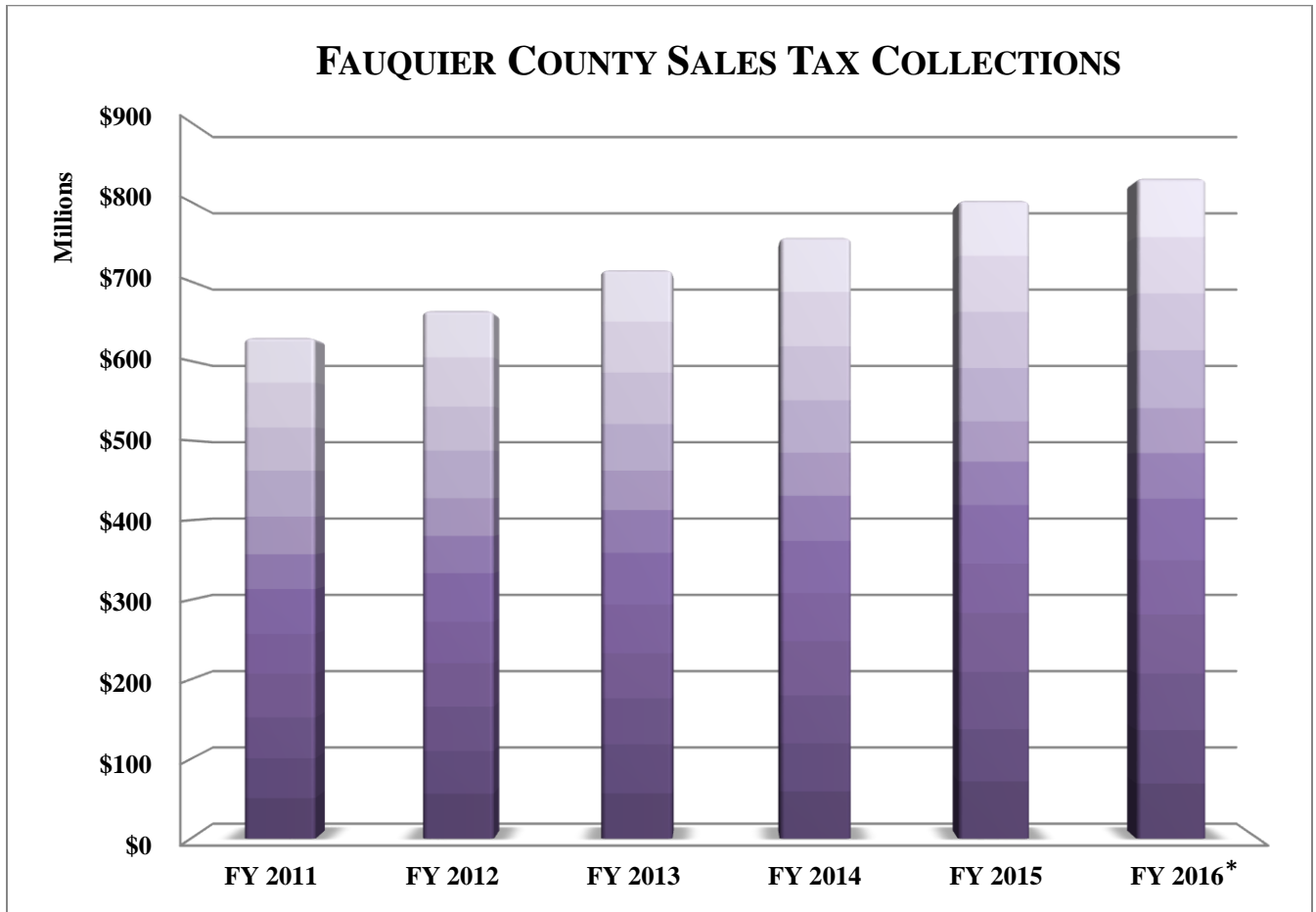
At the end of FY 2016, General Fund local revenues showed significant signs of growth in personal property and recording taxes. While Community Development fees experienced only a slight increase of 2%, and sales tax growth has slowed but at a more normalized trends, business license fees experienced an increase of approximately 7% in FY 2016 primarily driven by recent business additions. Real Estate Tax growth is relative to both additions and improvements, as well as the increased overall real estate tax rate for TY 2016.



*FY 2016 includes data as of June 30, 2016.

b) Sales Tax Revenue

Monthly sales tax collections saw a 3.5% increase overall in FY 2016 compared to FY 2015. This trend is similar to a more normalized growth trend, while lower than recent years. However, it remains in line with the rest of the region and outpaces the State's annual growth trend.



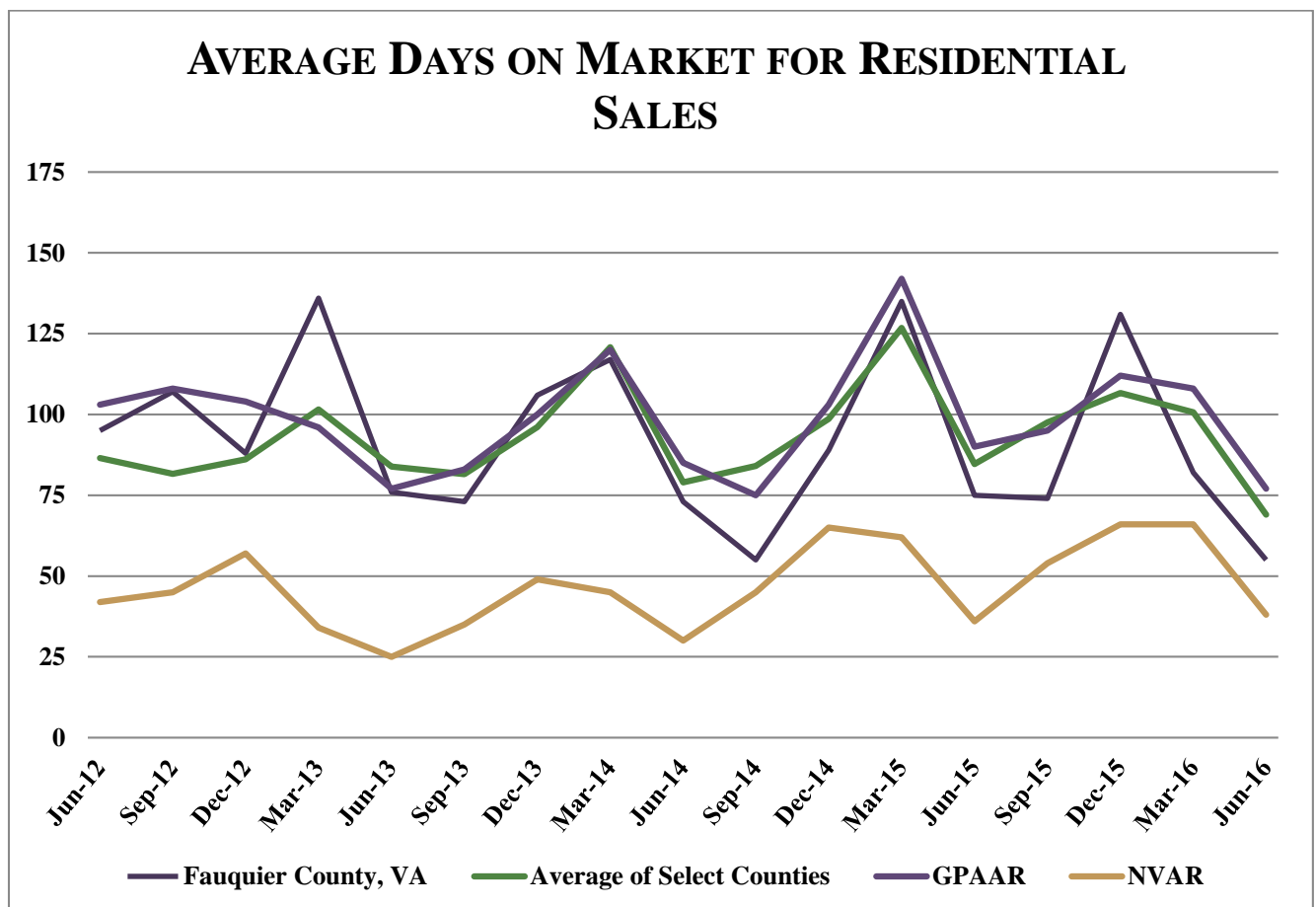
*FY 2016 includes data as of June 30, 2016.

4. Residential Housing Market – Current Data

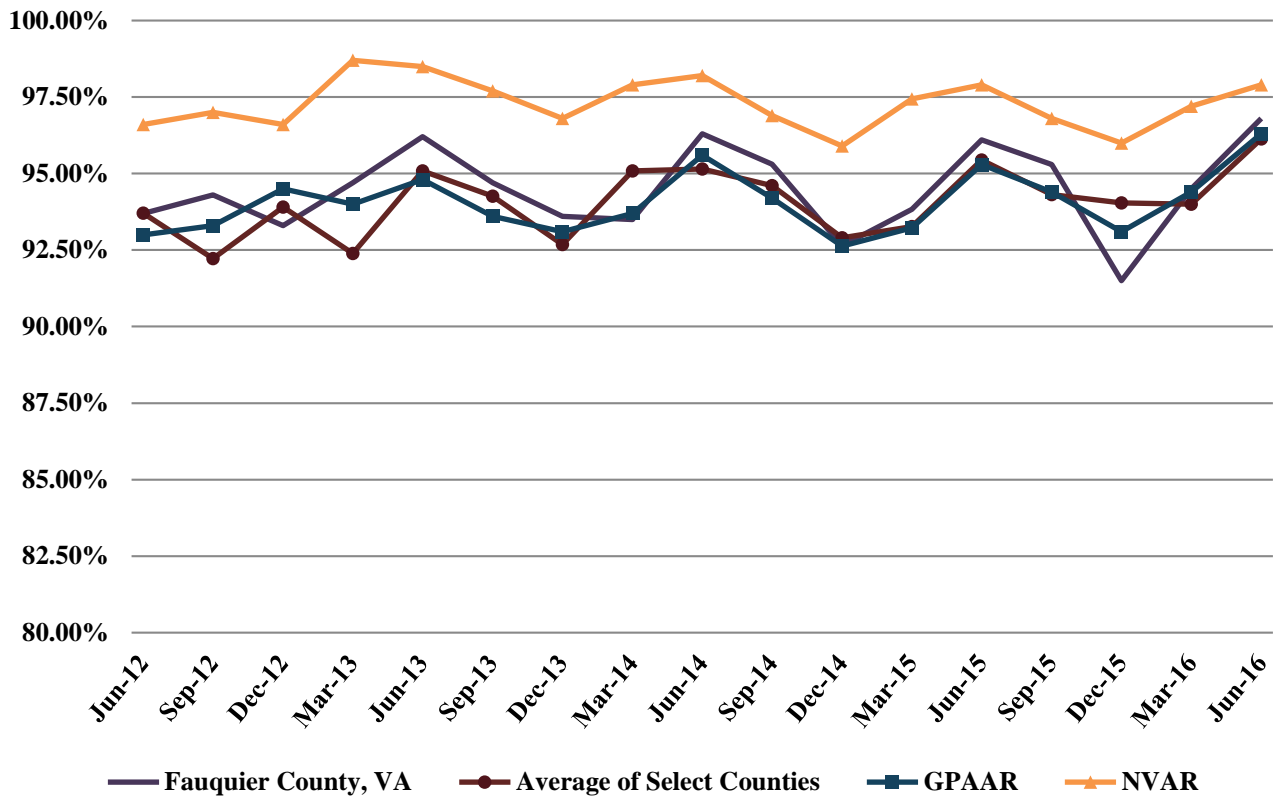
The following charts provide data on various characteristics of the local residential housing market. The graphs display data for Fauquier County, the Greater Piedmont Area Association of Realtors, Northern Virginia Association of Realtors, and/or an Average of select counties. The Greater Piedmont Area Association of Realtors (GPAAR) is composed of the following counties: Fauquier, Culpeper, Orange, Madison, and Rappahannock. The Northern Virginia Association of Realtors (NVAR) is composed of the following counties or cities: Fairfax County, City of Fairfax, Arlington County, City of Alexandria, and City of Falls Church. The selected counties for purposes of averaging include Fauquier, Culpeper, Orange, Madison, Fairfax, Loudoun, Prince William, Rappahannock, and Spotsylvania.

a) Residential Sales

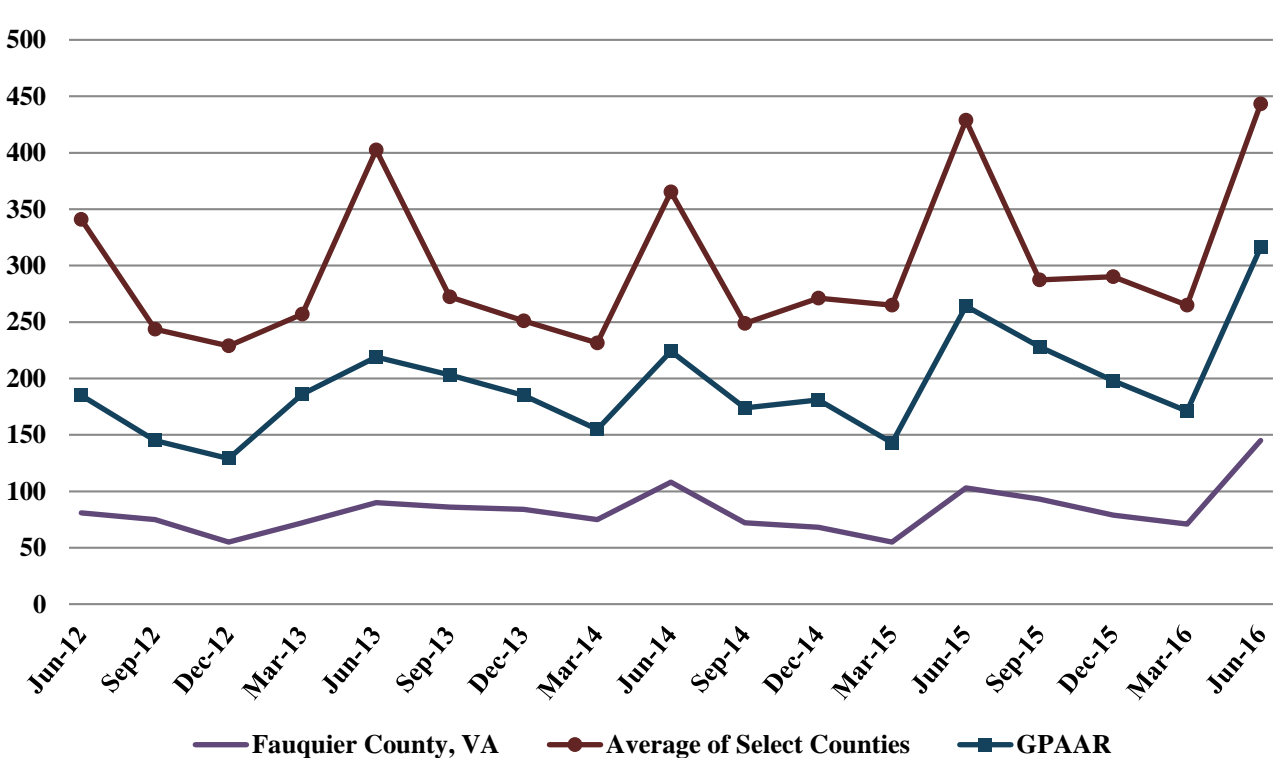
The County's housing market was stable through the end of FY 2016, with only normal seasonal fluctuation. At the end of FY 2016, while the number of active listings and median sales prices decreased slightly, the average days on the market decreased by 27% as compared to the same time period in FY 2015, and the number of units sold went up by approximately 40% in the same period. The number of units sold is at a recent high in comparison to post-recession data.

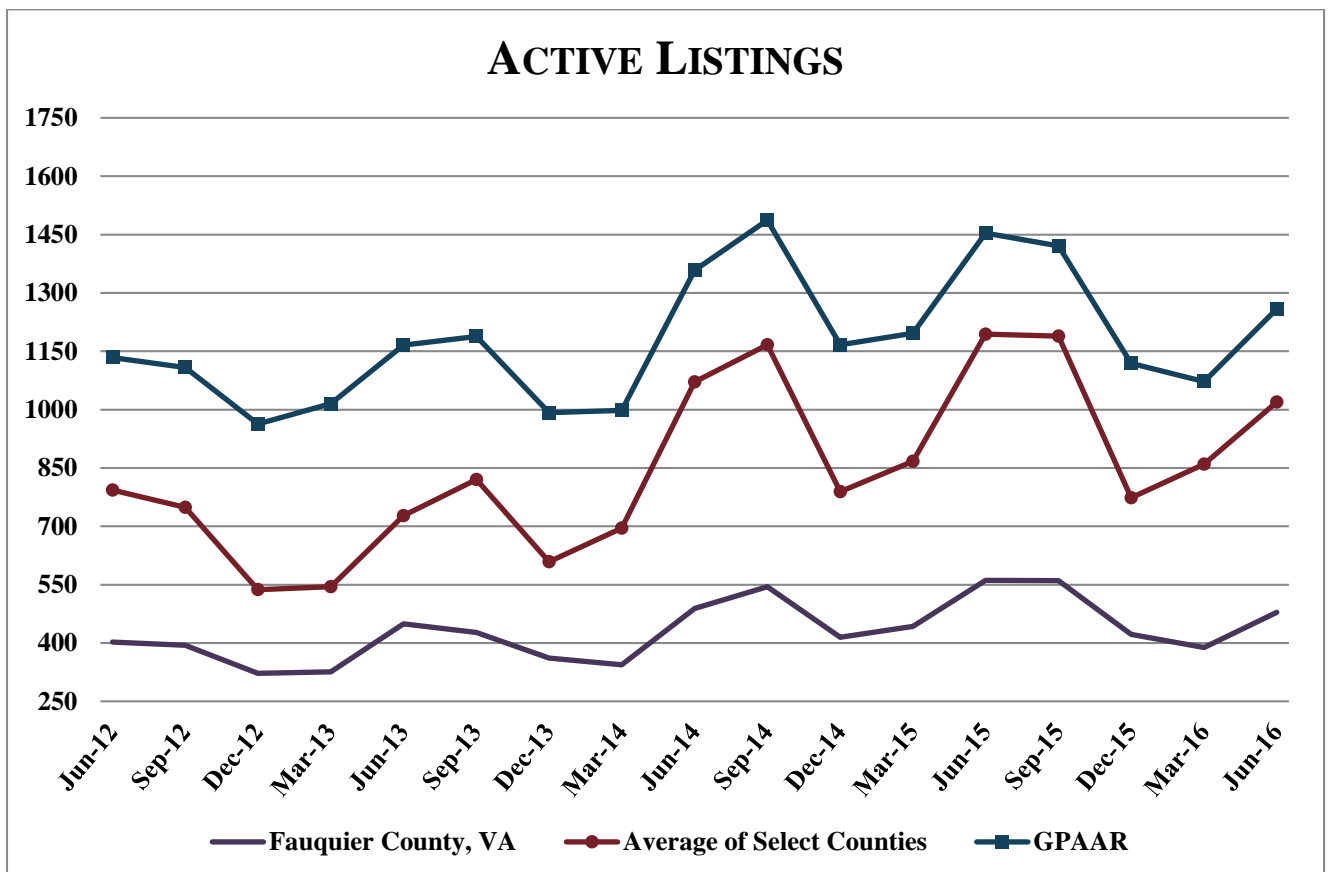
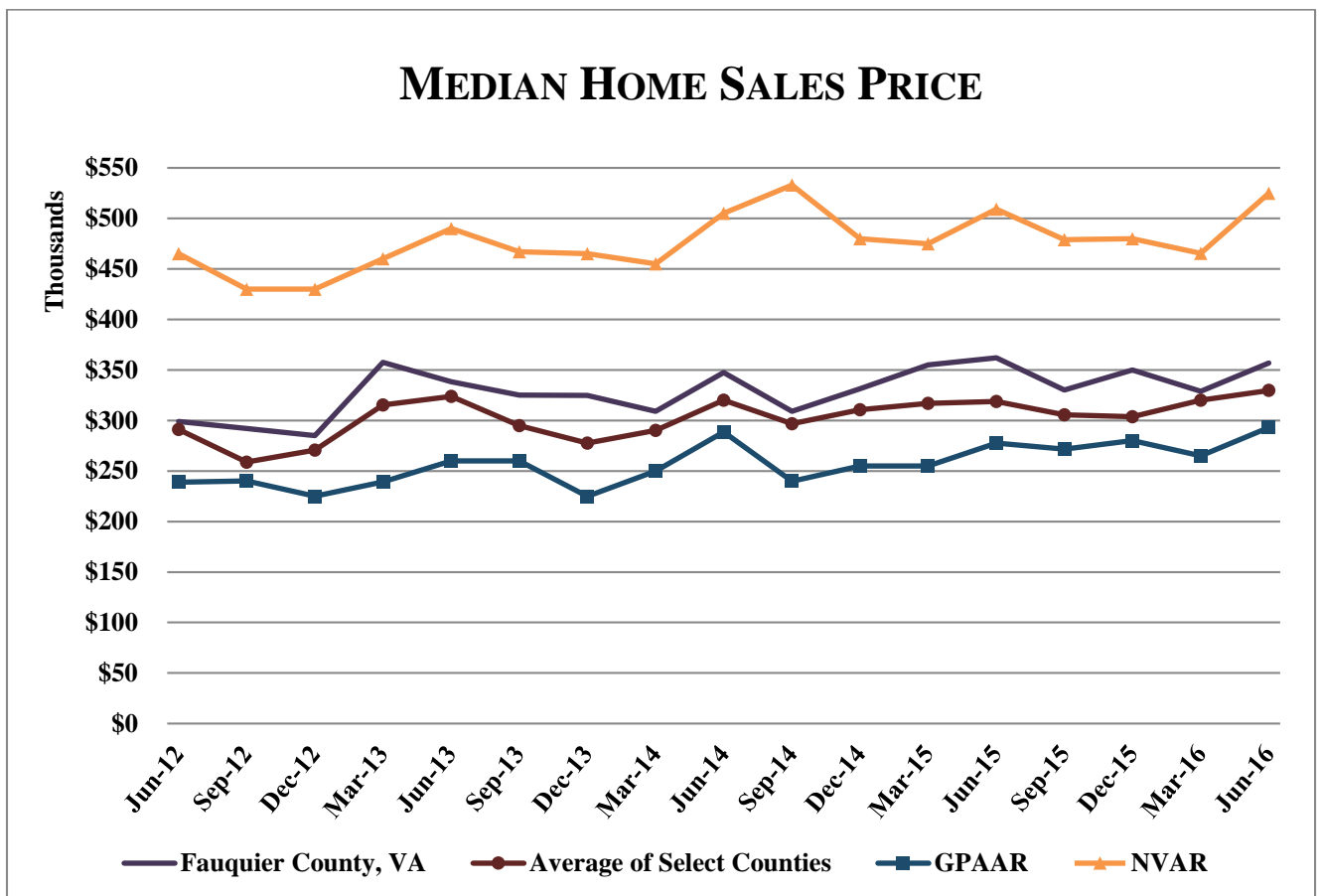


AVERAGE SALES PRICE AS A % OF AVERAGE LIST PRICE



NUMBER OF HOME SALES

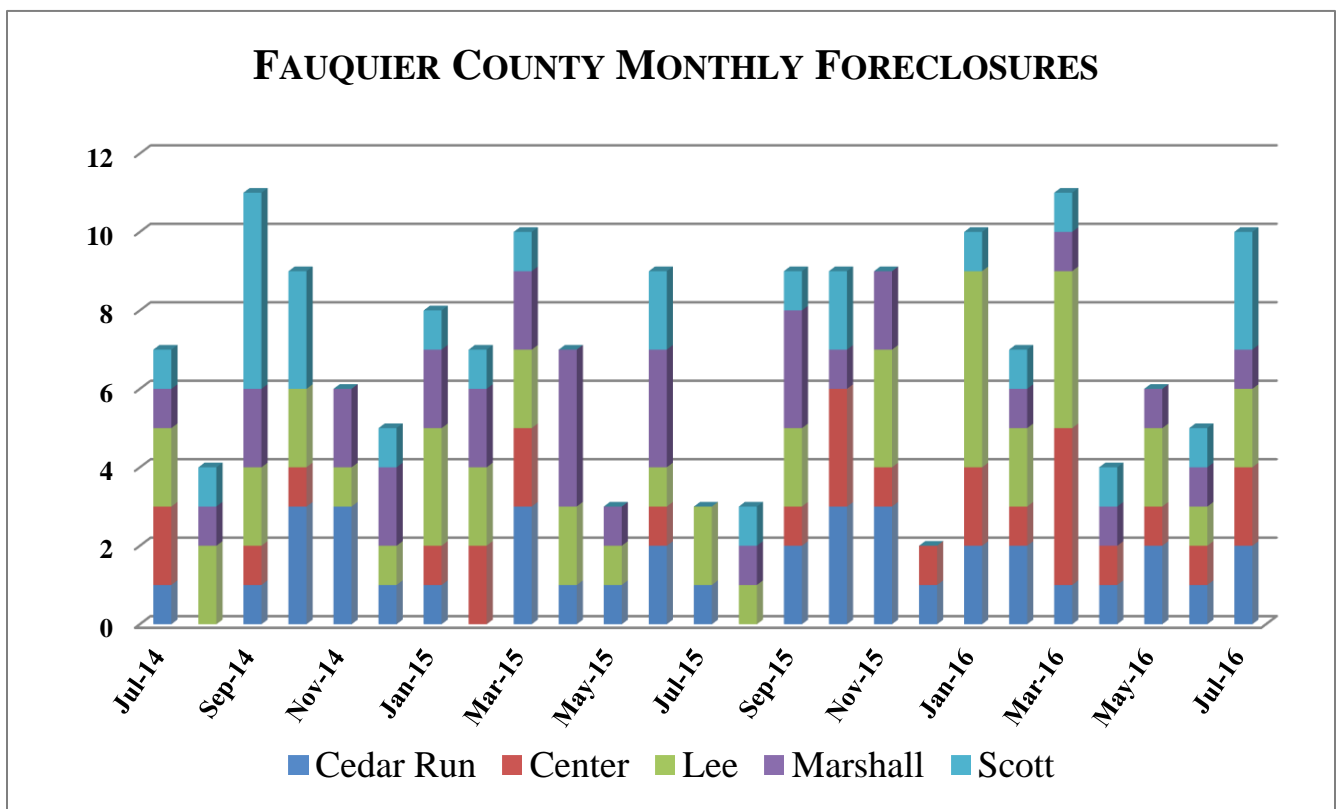
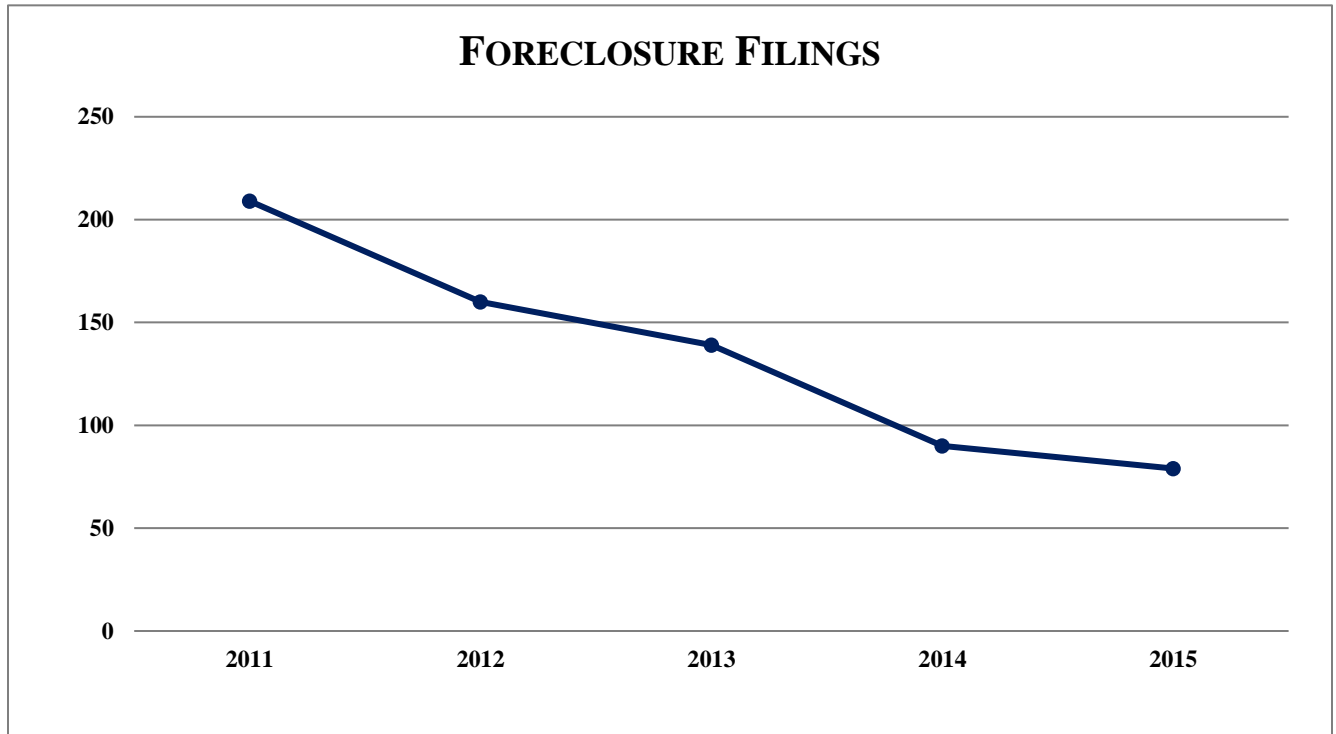




Source: Metropolitan Regional Information Systems, Inc. (MRIS)

b) Foreclosures

Foreclosure filings decreased from 28 filings in the third quarter to 15 filings in the fourth quarter of FY 2016, as a continuation of normal seasonal fluctuation. Foreclosure filings in the County continue to decrease overall, with a 9% decrease in FY 2016 as compared to FY 2015.

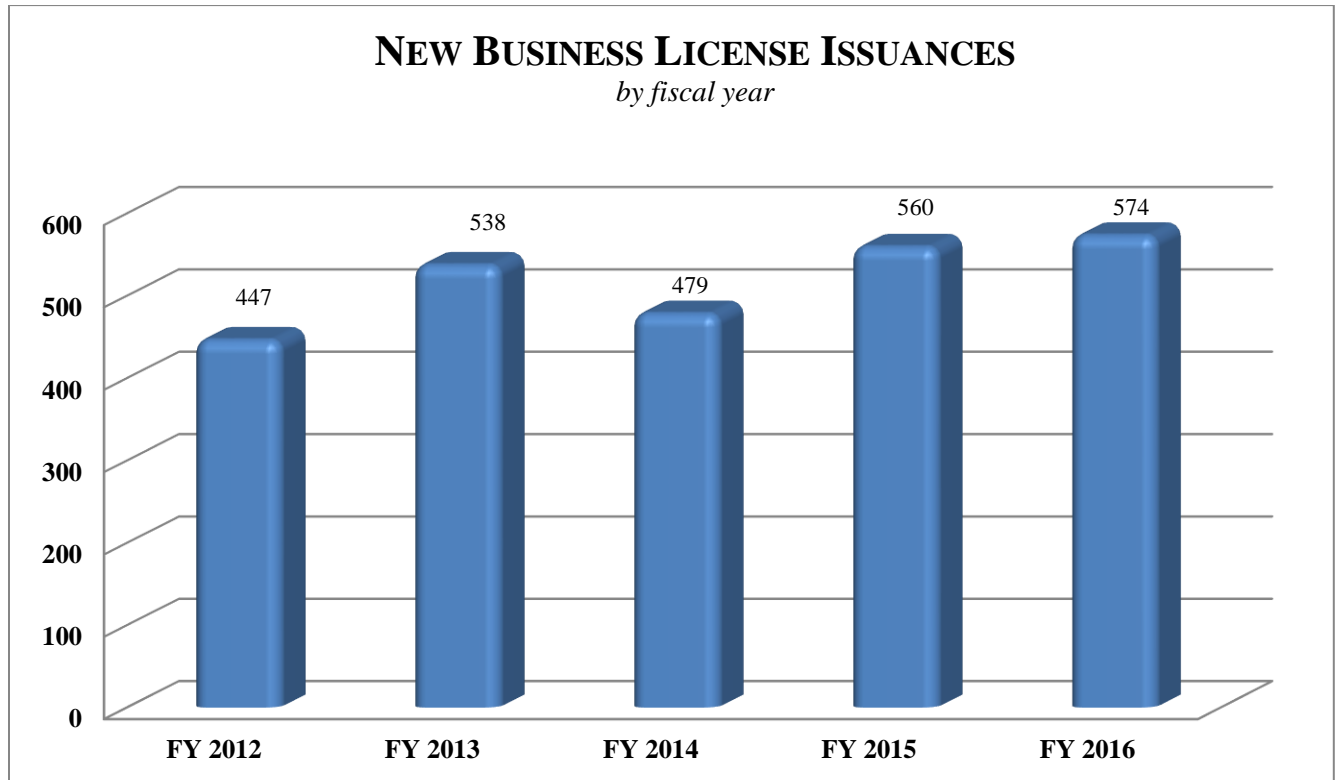


5 foreclosure listings as of June 30, 2016. Source: Fauquier County's Clerk of the Circuit Court Monthly Real Property Transfer Report.

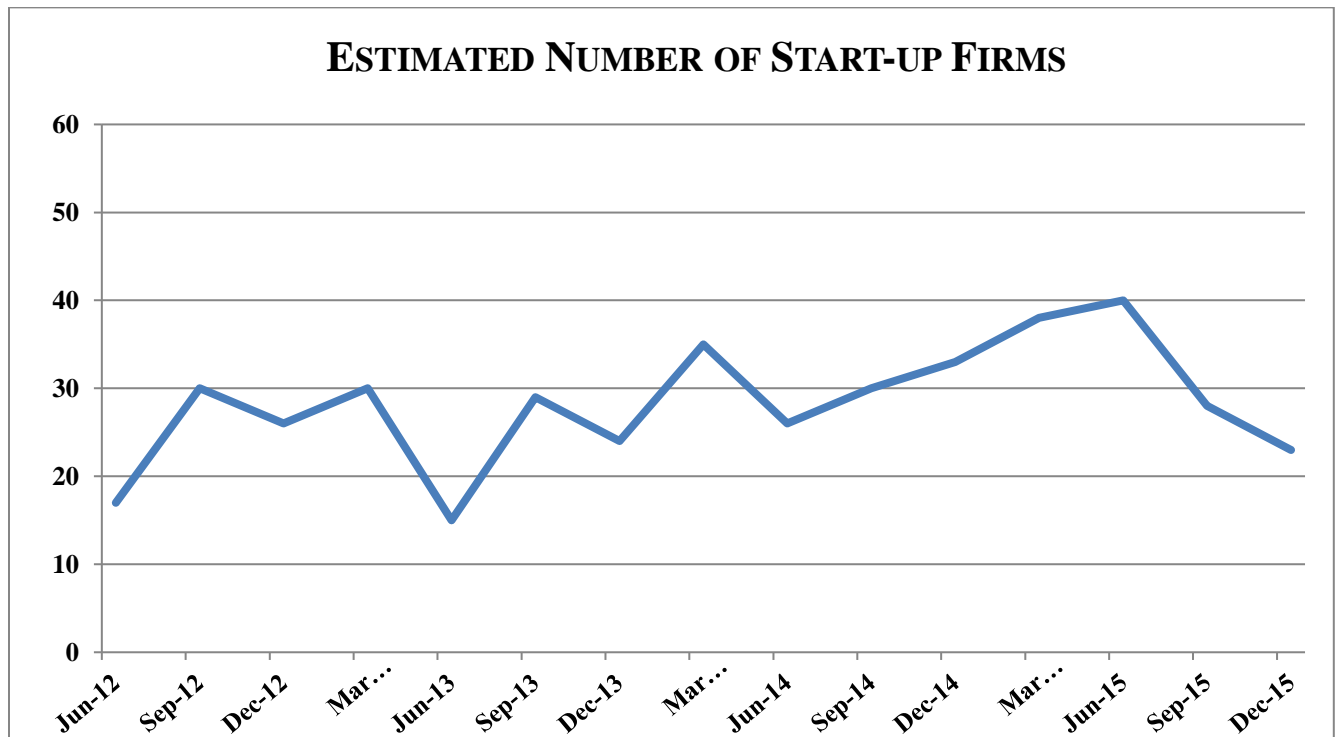
B. Historical Economic Indicators Data

1. Businesses

While in previous years the number of new licenses issued for businesses fluctuated year over year, the last two fiscal years have shown a positive trend, with a 2.5% increase in FY 2016 compared to FY 2015. The number of start-up firms in Fauquier County saw a 4% increase in CY 2015 as compared to CY 2014.



Source: Commissioner of the Revenue



Source: Virginia Employment Commission, as of December 31, 2015.

2. Residential Housing Market – Historical Data

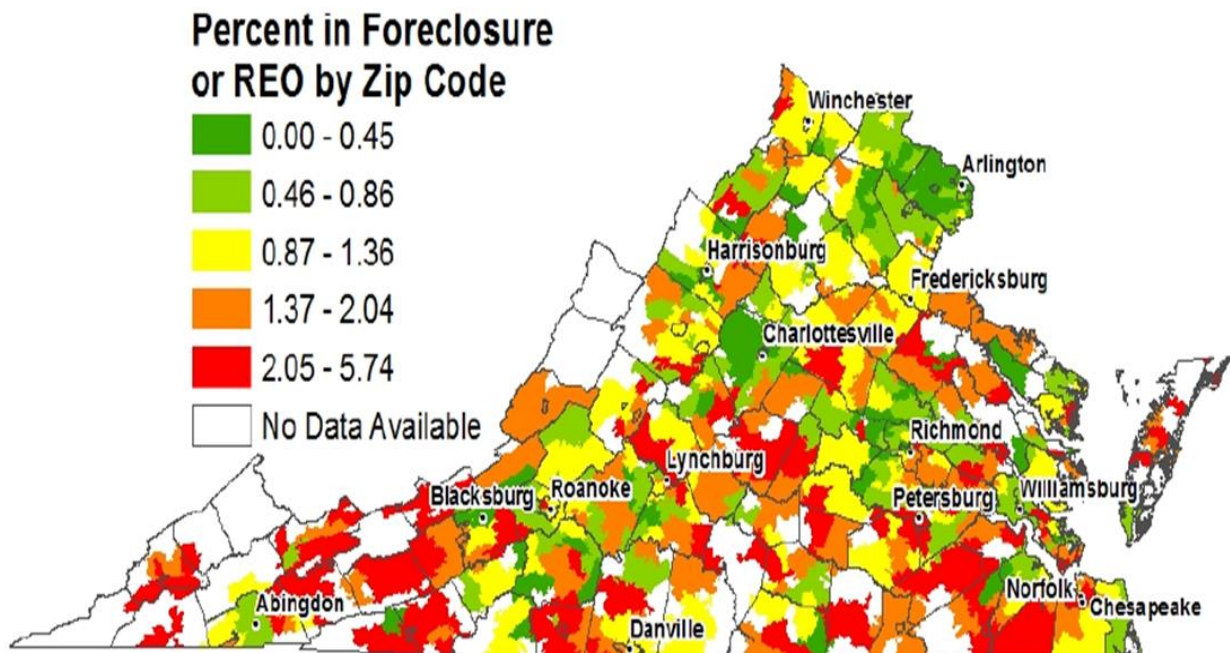
a) Residential Foreclosures and Delinquencies

The following five graphs are prepared by the Federal Reserve Bank of Richmond as part of their quarterly mortgage performance summaries for the Commonwealth of Virginia display:

- Percentage of foreclosures or REO for owner-occupied mortgages – prime loans;
- Percentage of delinquencies for owner-occupied mortgages – prime loans;
- Percentage of foreclosures or REO for owner-occupied mortgages – subprime loans;
- Percentage of delinquencies for owner-occupied mortgages – subprime loans; and
- Percentage of owner-occupied mortgages with subprime loans.

As of June 2016, foreclosures in the County continued to improve for prime and subprime loans. Additionally, the volume of owner-occupied home mortgages with subprime loans continued to lessen throughout the County.

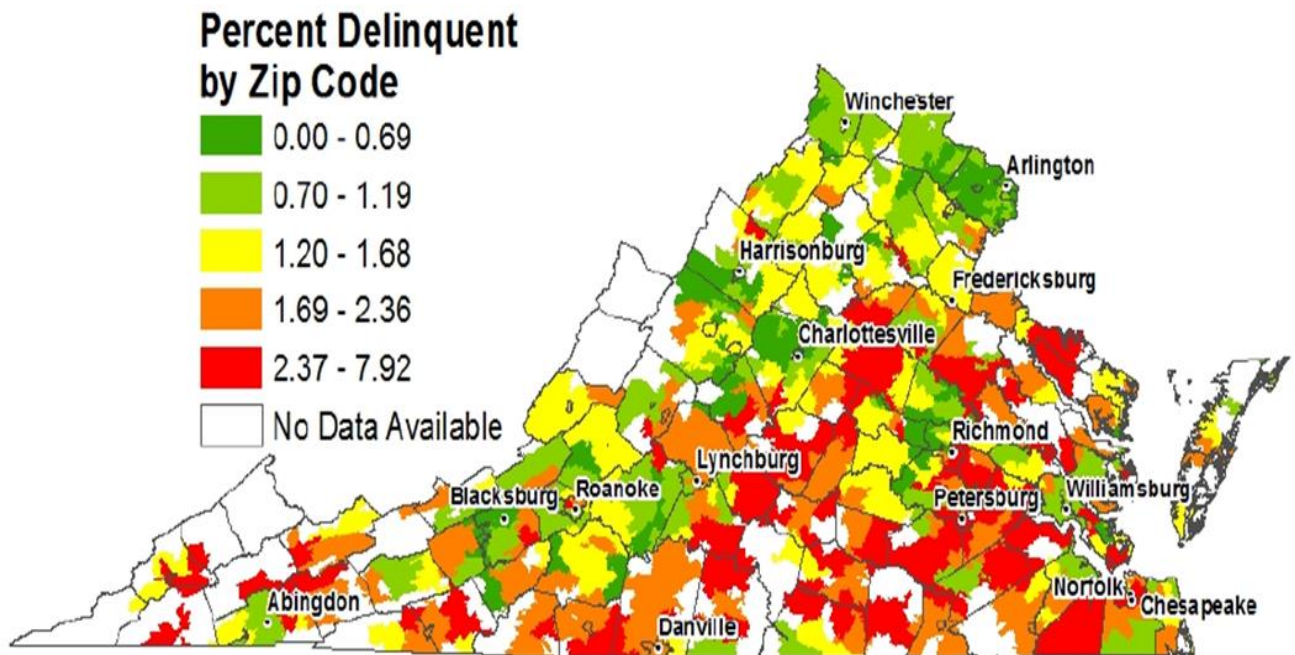
Percentage of Owner-Occupied Loans in Foreclosure or REO : Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (June 2016)

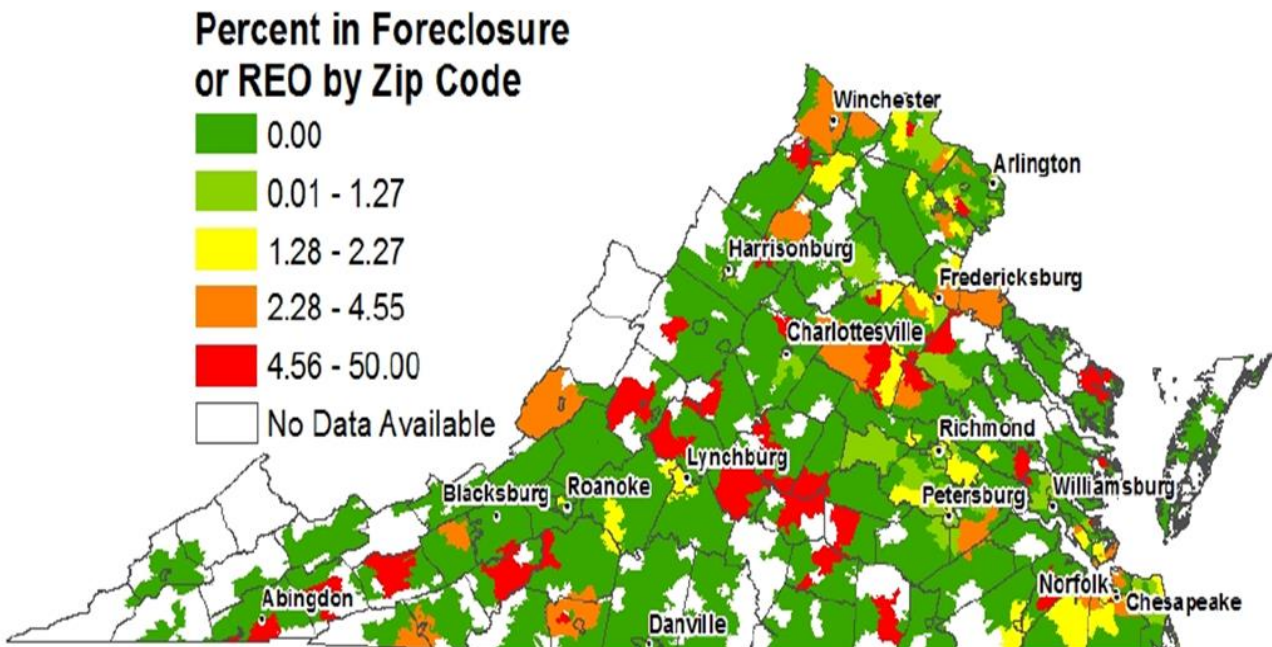
Percentage of Owner-Occupied Loans with 90+ Day Delinquency: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (June 2016)

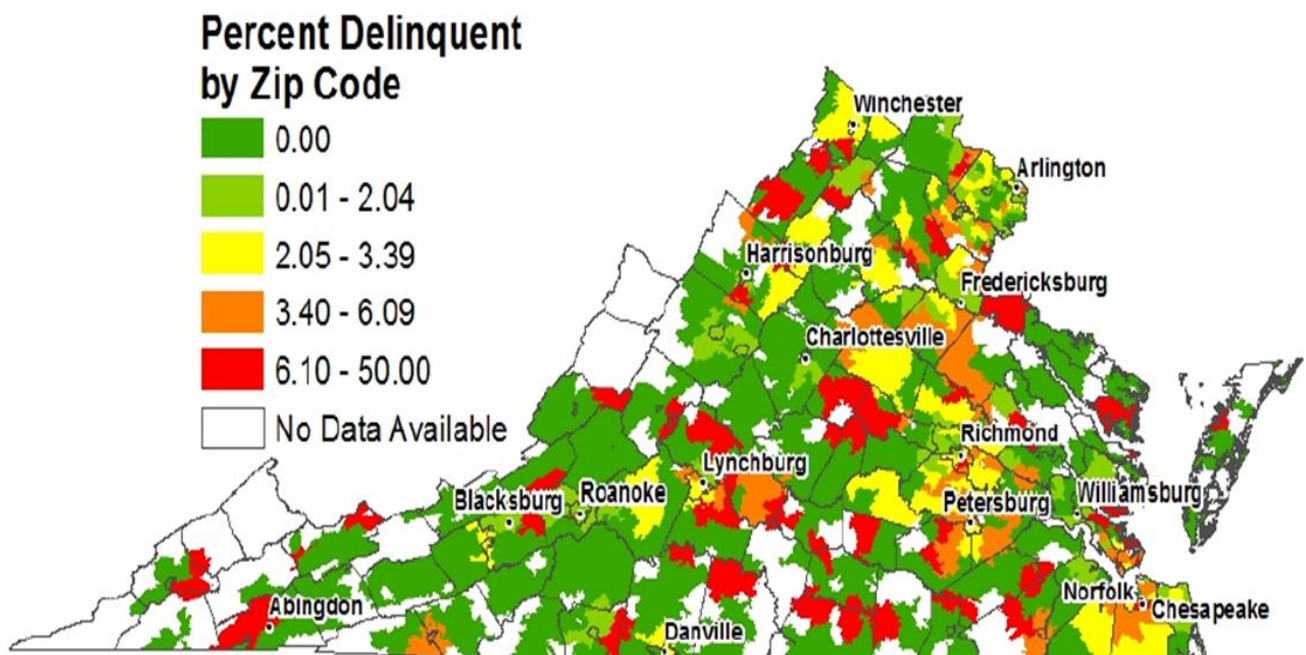
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (June 2016)

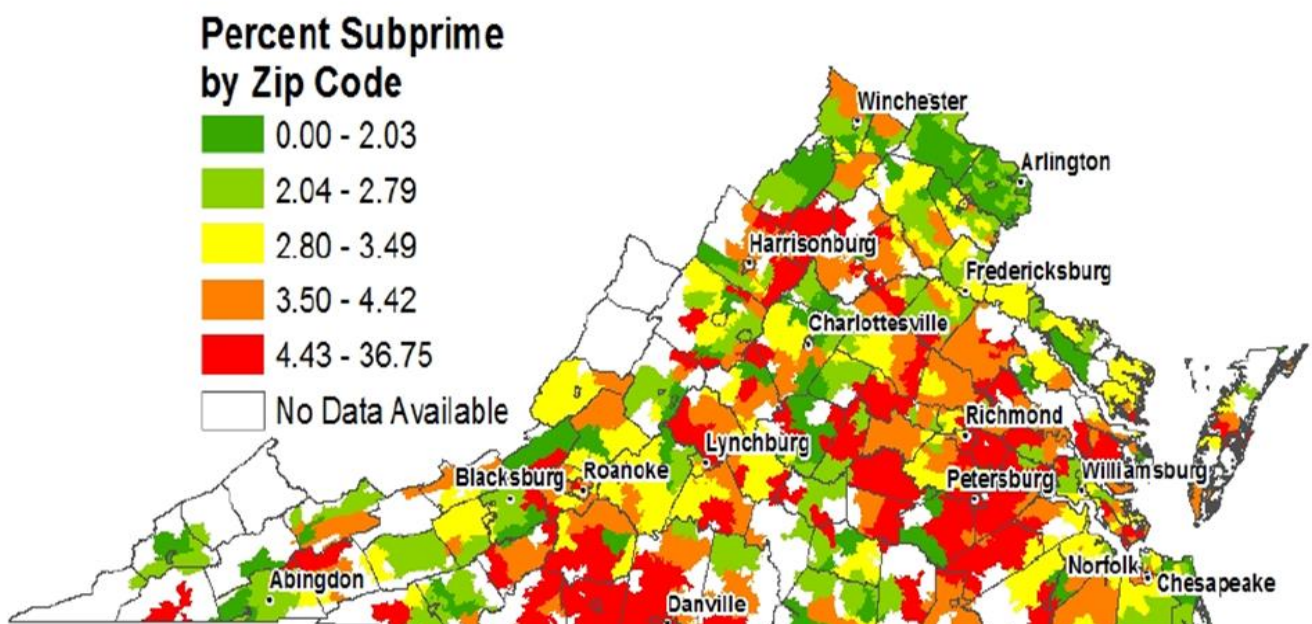
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (June 2016)

Percentage of Owner-Occupied Mortgages with Subprime Loans: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or have no data available.

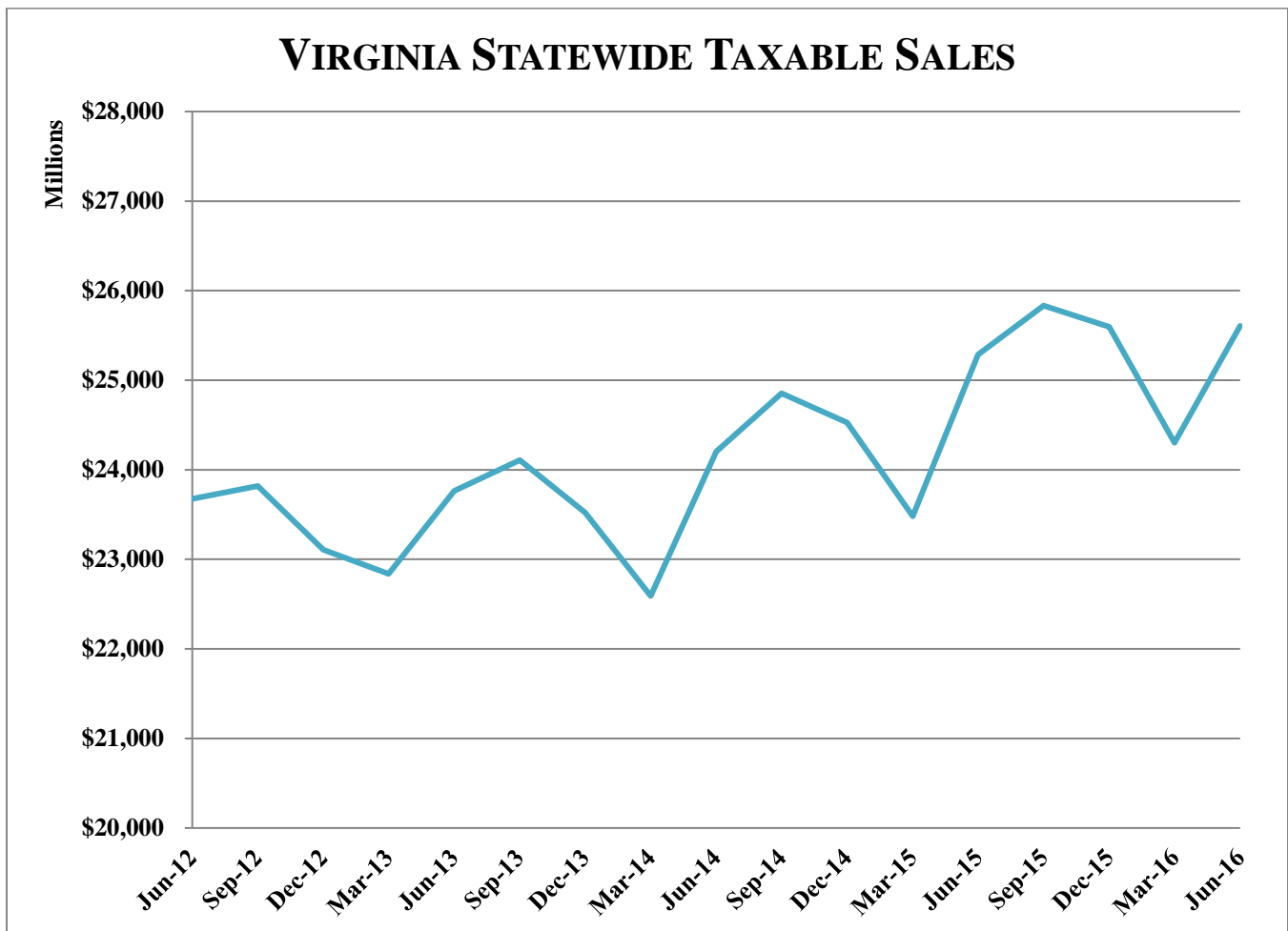
Source: Federal Reserve Bank of Richmond/McDash Analytics (June 2016)

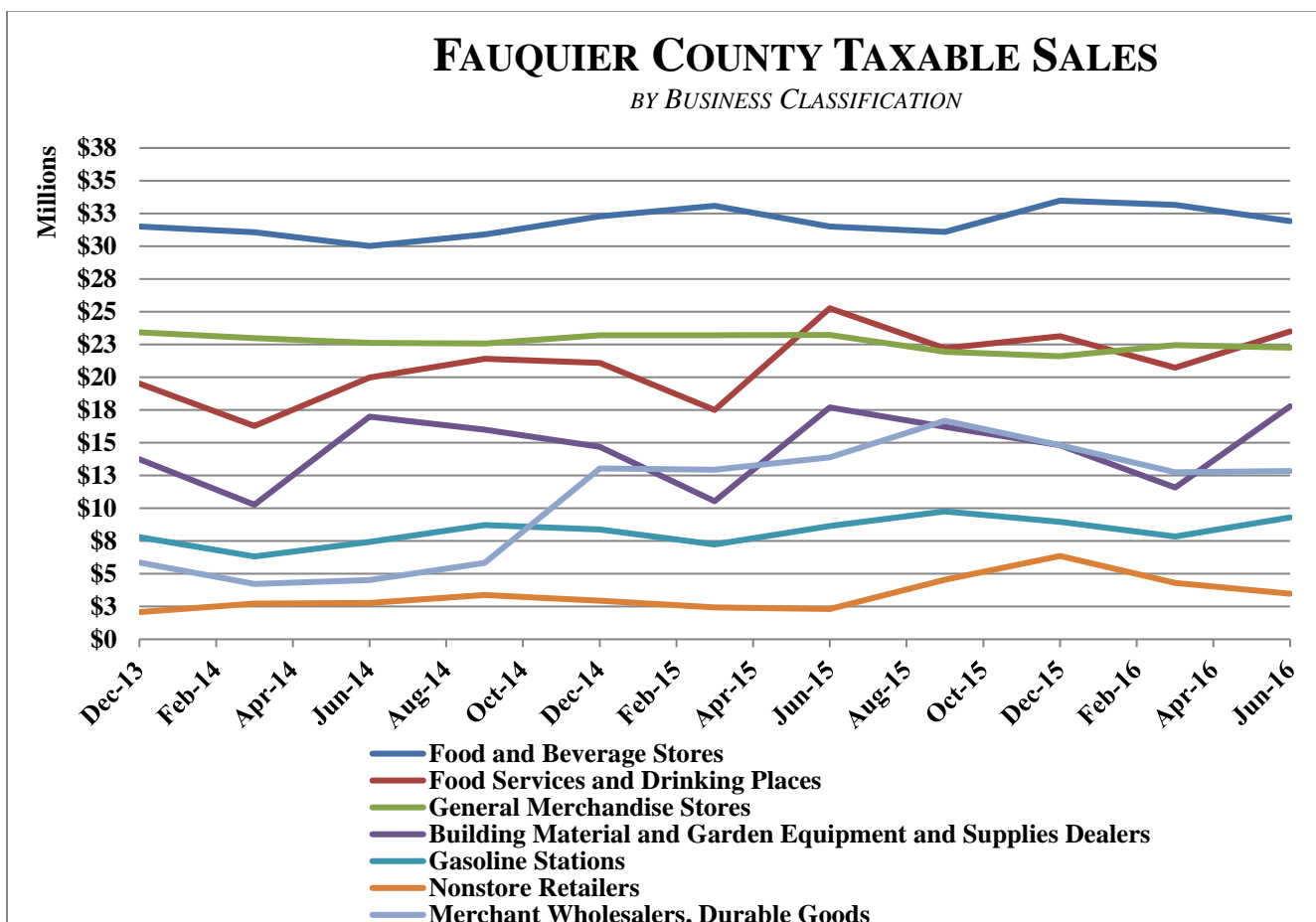
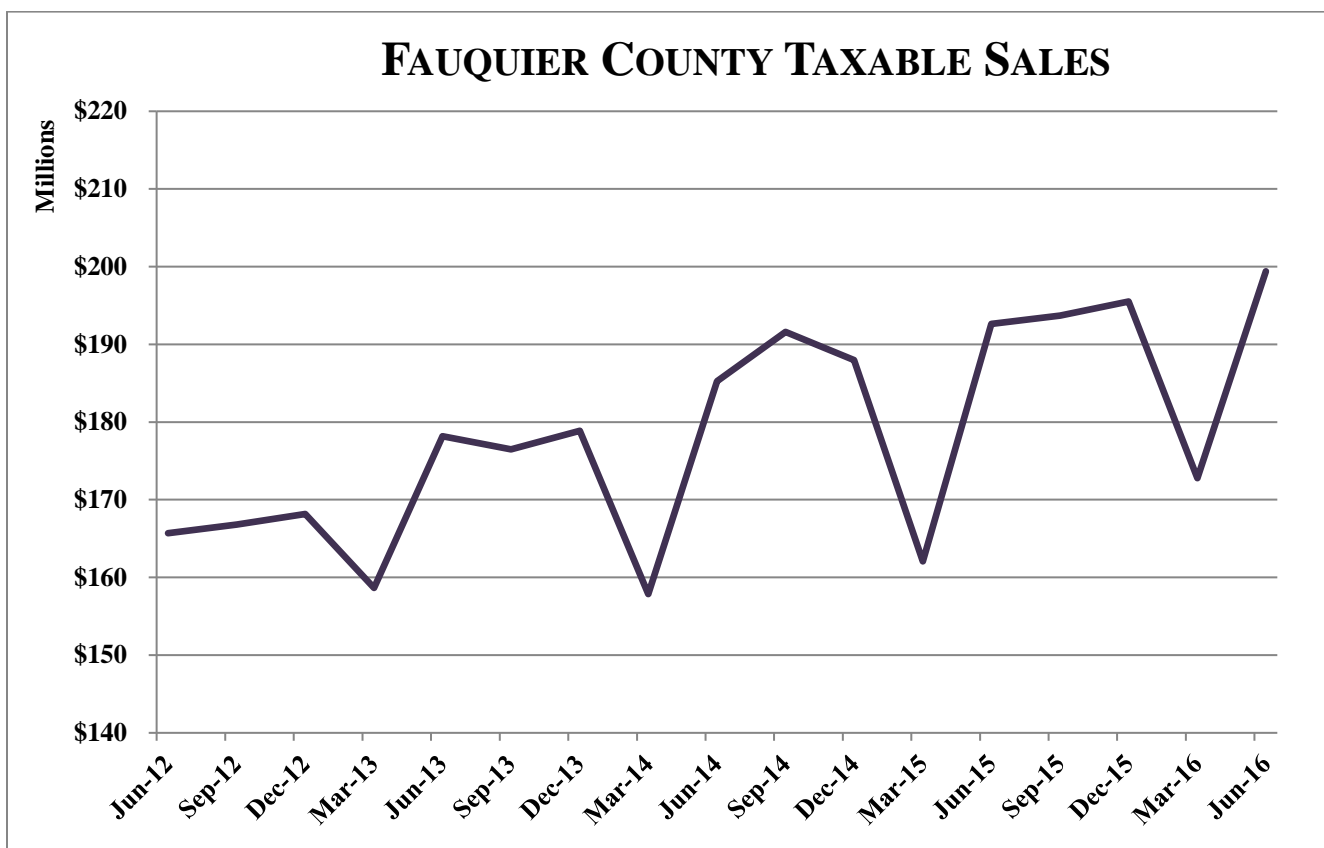
3. Taxable Sales

The following graphs provide data trends of taxable sales relative to the County, the State, and other local jurisdictions including:

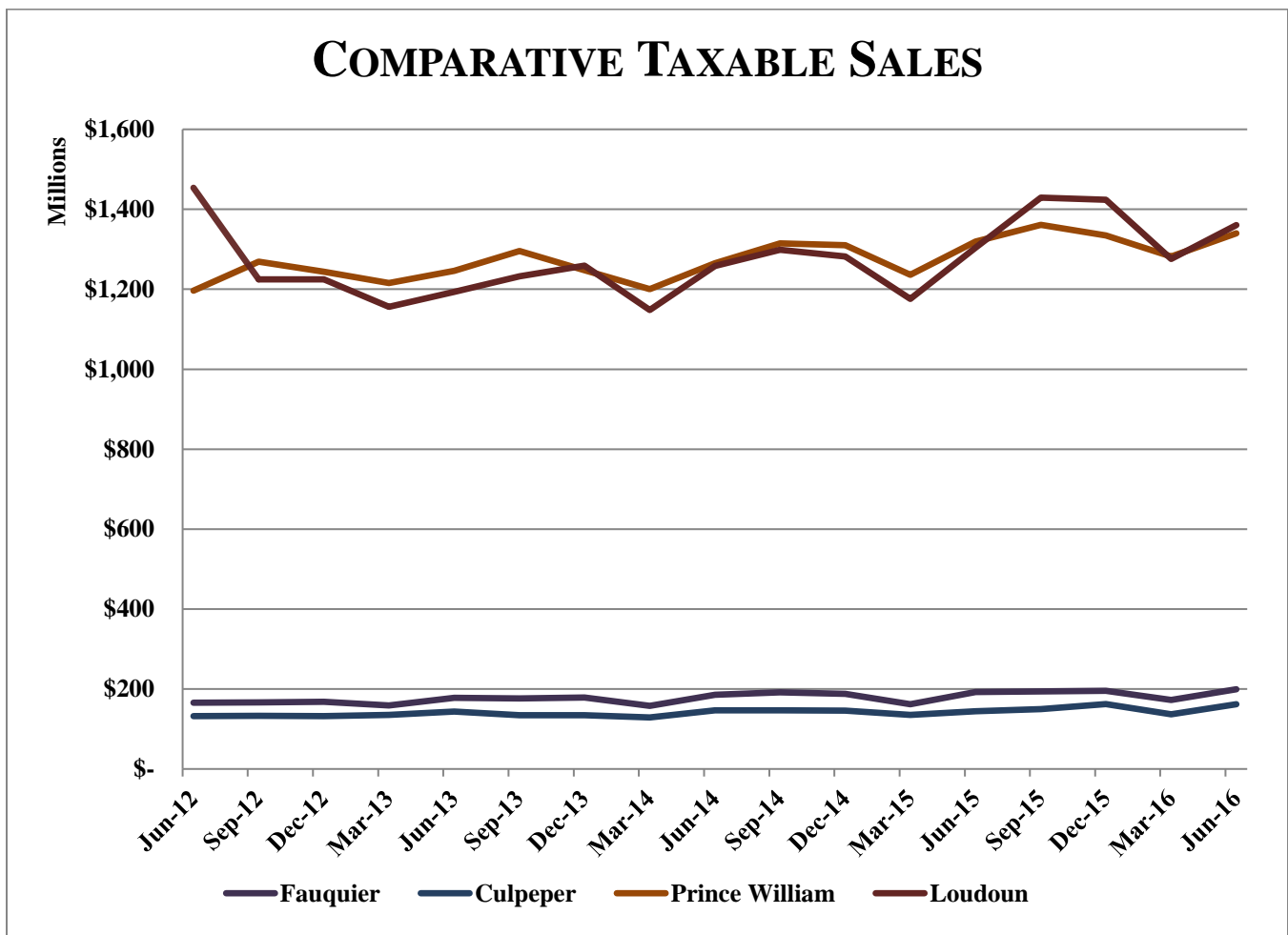
- Virginia statewide taxable sales;
- Fauquier County taxable sales;
- Fauquier County total taxable sales for business classifications with sales in excess of \$10 million at the beginning or end of the recession; and
- Fauquier County taxable sales in comparison to Prince William, Loudoun, and Culpeper Counties.

Overall in FY 2016, the County saw a 4% increase in taxable sales as compared to FY 2015. While general merchandise store declined slightly by 4% in FY 2016, nonstore retailers saw a significant increase of 69% and merchant wholesalers increased by almost 25%. Overall, the County's taxable sales continue to experience positive growth, with seasonal fluctuation.





Note: Categories displayed only represent those classifications that had \$10 million or more in monthly sales prior to the recession. Source: Weldon Cooper Center for Public Service, UVA.



Source: Weldon Cooper Center for Public Service, UVA.